

Message Text

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ACTION EUR-25

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TAGS: ETRD, EC, YO

SUBJECT: EC BAN ON YUGOSLAV BEEF EXPORTS

REF: BELGRADE 897

1. BEGIN SUMMARY: FOREIGN TRADE SECRETARY LUDVIGER REPORTEDLY TOLD HIS ITALIAN COUNTERPART IN RECENT ROME MEETING THAT YUGOSLAVIA WOULD BE COMPELLED TO SEEK NEW MARKETS IF BEEF BAN REMAINS IN EFFECT BEYOND MARCH 24. FOREIGN AFFAIRS SECRETARIAT SPOKESMAN SAID ON FEBRUARY 28 THAT EXTENSION OF BAN WOULD "UNDOUBTEDLY HAVE NEGATIVE BEARING ON FUTURE DEVELOPMENT" OF GOY ECONOMIC TIES WITH EEC AND PARTICULARLY WITH INDIVIDUAL MEMBER COUNTRIES, WHICH WOULD BE IN NO ONE'S INTEREST. YUGOSLAVS APPEAR TO HAVE LAUNCHED DETERMINED DIPLOMATIC COUNTEROFFENSIVE TO PREVENT BAN FROM BEING EXTENDED BEYOND MARCH 24. END SUMMARY.

2. MARCH 2 TANJUG CARRIES INTERVIEW WITH GOY FOREIGN TRADE SECRETARY
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LUDVIGER FOLLOWING HIS RETURN FROM ROME CONSULTATIONS WITH GOI

COUNTERPART MATTEOTTI. IN INTERVIEW, LUDVIGER SAYS HE TOLD MATTEOTTI THAT IF BAN ON BEEF IMPORTS REMAINS IN EFFECT, YUGOSLAVIA "WOULD BE COMPELLED TO SEEK NEW MARKETS." SUCH DEVELOPMENT WOULD NOT BE DESIRABLE, HE CONTINUED, FOR EITHER YUGOSLAVIA OR ITALY.

3. ACCORDING TO LUDVIGER, MATTEOTTI TOLD HIM THAT BAN WAS TEMPORARY AND THAT HE HOPED MEASURE WAS SHORT AND NOT REPEAT NOT LONG-TERM. MATTEOTTI ALSO REPORTEDLY TOLD LUDVIGER THAT REASON WHY YUGOSLAVS NOT CONSULTED BEFORE BAN IMPOSED WAS DUE TO FACT THAT DECISION TAKEN ON "NEARLY OVERNIGHT" BASIS. MATTEOTTI AGREED WITH LUDVIGER THAT PRIOR CONSULTATIONS AS PROVIDED FOR IN GOY-EEC AGREEMENT OF SEPTEMBER 1973 SHOULD BE UNDERTAKEN ON FUTURE TRADE ISSUES.

4. FEDERAL SECRETARIAT FOR FOREIGN AFFAIRS SPOKESMAN ZUPAN COMMENTED ON MATTER AT WEEKLY PRESS CONFERENCE FEBRUARY 28. ZUPAN SAID DECISION WAS UNEXPECTED, AND THAT YUGOSLAVIA NOT CONSULTED BEFOREHAND. CONCERN ON PART OF GOY AND TRADE CIRCLES UNDERSTANDABLE AS CONSEQUENCES OF DECISION "ESPECIALLY GRAVE" SINCE TRADITIONAL MARKET AFFECTED. ZUPAN SAID GOY IS NOW EXAMINING MATTER AND EXPECTS EEC AND MEMBER COUNTRIES TO TAKE NECESSARY STEPS TOWARD FAVORABLE SOLUTION. EXTENSION OF BAN, HE CONTINUED, WOULD "UNDOUBTEDLY HAVE NEGATIVE BEARING ON FUTURE DEVELOPMENT" OF GOY ECONOMIC TIES WITH EEC AND PARTICULARLY WITH INDIVIDUAL MEMBER COUNTRIES. ZUPAN CONCLUDED THAT WOULD BE NEITHER IN THEIR NOR GOY'S INTEREST.

5. IN CONNECTION WITH LUDVIGER STATEMENT THAT IF BAN CONTINUED, GOY WOULD BE COMPELLED SEEK NEW MARKETS, POLITIKA ARTICLE (FEBRUARY 28) NOTES OPPORTUNITIES FOR BEEF SALES IN OTHER MARKETS -- FRG, GREECE, SWITZERLAND, US FORCES IN EUROPE, EAST EUROPE -- AND NEGLECT OF UK MARKET WHICH YUGOSLAVIA ABANDONED TEN YEARS AGO. CONCENTRATION ON ITALIAN MARKET ATTRIBUTED TO "DEEPROOTED CONSERVATIVE ATTITUDES" ON PART OF GROWERS AS WELL AS CONTINUOUSLY FAVORABLE CONDITIONS ON ITALIAN MARKET. ARTICLE CONCLUDES THAT SOME BEEF WILL BE STORED IN ANTICIPATION OF BAN BEING REMOVED MARCH 24, SOME WILL BE DIVERTED TO OTHER MARKETS, BUT BULK WILL APPEAR ON DOMESTIC MARKET.

6. FOREIGN AFFAIRS SECRETARIAT INFORMS US THAT BAN COVERS LIVE CATTLE AS WELL AS SLAUGHTERED BEEF AND BEEF PRODUCTS. LIVE CATTLE LIMITED OFFICIAL USE

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ACCOUNTS FOR BULK OF YUGOSLAV BEEF SHIPMENTS TO ITALY.

7. COMMENT: YUGOSLAVS APPEAR TO HAVE MOUNTED DETERMINED DIPLOMATIC COUNTER OFFENSIVE AGAINST BEEF BAN IN HOPES THAT IT WILL NOT BE KEPT IN FORCE BEYOND MARCH 24.
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